

# **LIQUIDATION VALUE APPRAISAL REPORT**

**Smokecraft Clarendon, LLC.**

**Located:**

**Arlington, Virginia**

**Appraised for:**

**Smokecraft Clarendon, LLC.**

**Appraised by:**



**Effective Date of Report:  
September 3, 2024**

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**I. Letter of Transmittal**

October 2, 2024

Smokecraft Clarendon, LLC.  
Andrew Darneille  
1051 N. Highland Street  
Arlington, Virginia 22201

RE: Smokecraft Clarendon, LLC. Appraisal Report

Dear Mr. Darnielle:

We present this appraisal report as requested on the personal property of Smokecraft Clarendon, LLC. The purpose of this appraisal report was to establish Liquidation Value for use in business financing. Available assets were inspected by the appraiser and the condition is noted on the Asset Schedule.

The evaluator has been informed that the subject assets are owned by Smokecraft Clarendon, LLC., but the evaluator makes no warranties or representations as to ownership. Based on the assets' condition, prevailing economic market conditions, and an asset market analysis, it is my unbiased opinion that the asset value effective September 3, 2024, is as follows:

<b>TOTAL LIQUIDATION VALUE</b>	<b>\$ 49,135.00</b>
<b>TOTAL NET LIQUIDATION VALUE</b>	<b>\$ 29,435.00</b>

The values are subject to the assumptions, definitions, and limiting conditions detailed in this eleven-page Appraisal Report and appendices.

I thank you for the opportunity to be of service.

Sincerely,



William J. Fischer, CAI GPPA  
Senior Advisor, Certified Appraisals

## **II. Assignment**

Motleys Asset Disposition Group was contacted regarding an appraisal need on Smokecraft Clarendon, LLC. for use in Bankruptcy proceedings. The intended users are Smokecraft Clarendon, LLC. and its advisors. After reviewing the needed appraisal elements, and through further discussions, Motleys was approved to perform the appraisal at a fixed, negotiated fee for appraisal services. Motleys contracted with William J. Fischer to perform the appraisal.

## **III. Asset Inspections**

The appraiser inspected available assets on September 3, 2024, at Smokecraft Clarendon's restaurant, located in Arlington, VA. Further clarification of assets were requested and Mr. Darnielle provided purchase invoices for several assets.

## **IV. Sources of Data**

The appraiser used comparable assets that are currently available and for sale in the open market as well as other valuation resources. Resources included recent auction results when available as well as auctions conducted over the past two years.

## **V. Effective Date of Appraisal**

The effective date of the appraisal is September 3, 2024. The appraiser has used his best professional judgment to accurately value the subject assets according to the specified definitions.

The value reported in these appraisal documents represents the opinion of the appraiser as of the effective date of the appraisal and for a reasonable period thereafter. Such values are subject to significant alternation and will be affected by time, changes in condition, obsolescence, technological advancements, changes in the marketplace or the economy, and many other factors beyond the control of the appraiser.

Reliance upon stated values for any purpose, beyond a reasonable period, or after significant economic events is inadvisable.

## **VI. Definition of Terms and Conditions**

The following definitions are used in the valuation of the assets:

**Liquidation (Auction) Value** – The appraiser’s professional opinion of the estimated gross amount expressed in the terms of dollars, which the Property could typically realize at a properly advertised and professionally managed and conducted public auction without reserve, held under existing sale conditions and under present economic trends, within a specified time. Conclusions consider condition at the time of observation, quantities and desirability, location, general appearance, psychological appeal, physical condition, cost of similar or like used and or new, degree of specialization or modification, adaptability, market economics and quality or name acceptance. Further, the ability of the Property group to draw sufficient prospective buyers to ensure competitive offers is considered. It is assumed all Property is to be sold on a per item basis, in “as is” condition with purchasers responsible for removal of Property at their own risk and expense. Any deletions or additions to the total package could change the psychological and/or monetary appeal necessary to gain the price indicated.

**Condition Grades:** Conditions are relative to the age of an asset. A twenty-year-old asset in “Good” condition will show considerably more wear than a two-year-old asset in “Good” condition.

**New Condition (N)** - The term used to describe vehicles, machinery, and equipment which, in the opinion of the appraiser, is judged to be either new or near new; otherwise, unused; or in the process of being installed. This equipment is capable of being used to its fully specified utilization for its designed purpose for its entire normal useful life.

**Good Condition (G)**- The term used to describe those items of vehicles, machinery, and equipment which, in the opinion of the appraiser, have been modified or repaired and are being used at or near their fully specified utilization.

**Fair Condition (F)** - The term used to describe those items of vehicles, machinery, and equipment which, in the opinion of the appraiser, are being used at some point below their fully specified utilization, because of the effects of age and/or application and which require general repairs and some replacement of minor elements in the foreseeable future to raise their level of utilization to or near their original specifications.

**Poor Condition (P)** - The term used to describe those items of vehicles, machinery, and equipment which, in the opinion of the appraiser, can be used only at some point well below their fully specified utilization, and it is not possible to realize full capability in their current condition without extensive repairs and/or the replacement of major elements in the near future.

**Physical Deterioration** - The loss in value resulting from wear and tear of an asset in operation and exposure to various elements. Deterioration considers all factors that cause impairment of the condition, including age, wear and tear, disintegration, use in service, maintenance, and repairs (or lack thereof), and the actions of the elements.

**Technical Obsolescence** - is the loss in value within the property as a result of the development of new technology as it relates to the difference between the design and materials of construction of present-day machines compared with machine or equipment being evaluated. Size and overall floor space requirements are also factors of technical obsolescence.

**Functional Obsolescence** - is the loss in value within the property as a result of the development of new technology as it relates to the difference in production rates and other capability characteristics between a new machine and the equipment being appraised. Direct labor requirements are also a consideration in functional obsolescence.

**Economic Obsolescence** - is the loss in value resulting from factors external to the property. These factors can include reduced product demand; increased competition; supplier or customer plant relocation; change in raw material supplies; increased costs of raw materials, labor, or utilities; inflation; interest rates; currency fluctuations; import duties and taxes; legislation; and environmental considerations.

Source: American Society of Appraisers, Appraising Machinery and Equipment®, McGraw-Hill Book Company, New York, 1989, page 68-91.

## **VII. Appraisal Methodology**

The appraiser has been informed that the purpose of this appraisal is to provide valuation information, regarding a quick sale of the assets. This valuation information considers one scenario.

This scenario considers the likely result should the subject assets be sold at auction subject to the terms of the lease. Thus, the appraiser has selected a Liquidation Value and eliminated value for items deemed as "Leasehold Improvements".

In determining the asset value, the appraiser has used a conventional Market (Sales) Approach to valuation and has taken into consideration several factors, including:

1. The actual condition of the assets as of the date of inspection.
2. The actual age of the assets; normal anticipated useful life; and the appraiser's opinion as to the remaining useful life of the assets appraised. The appraiser has also considered changes in technology, which may have the effect of making some aspects of the assets obsolete.

3. Present market demand for these types of assets, both domestically and internationally.
4. Recent comparable sales of similar assets, both in the new and used machinery marketplace and in the liquidation marketplace, including public auctions.
5. Current new replacement cost today (including foreign currency fluctuations) of the subject assets.
6. Manufacturers; current estimated delivery time for similar new assets.
7. The original purchase cost of the subject assets, where appropriate.

Cost Approach and Income Approach to valuation were considered but deemed not appropriate for evaluating the subject assets.

### **VIII. Current Marketplace and Economic Conditions**

The restaurant equipment market is projected to have a CAGR of 7.9% by 2033. According to FMI, the market is expected to expand from US\$ 4,093.8 million in 2023 to US\$ 8,756.63 million by 2033. With a lower demand rate of 5.4% from 2018 to 2022, the market had a worth of US\$ 3,815.24 million in 2022.

As a result of the rapidly accelerating industrial growth, the income levels of the working population are rising, coupled with an increase in purchasing power. Due to this, more people are eating out-among other places, in hotels, full-service restaurants, and pubs-which is helping the restaurant equipment market grow.

The increased consumer propensity to spend money on appliances for the home kitchen that save time and labor, such as fryers, ovens, and dishwashers, is also boosting the demand for restaurant equipment.

Additionally, the industry is expanding as casual dining becomes more popular in fast-service restaurants, particularly among teenagers and younger people. Due to the fast-paced and stressful lifestyles of the millennial and Gen-Z population, finger and fast food consumption is also on the rise.

Some of the key restaurant equipment market drivers are rising takeout demand, changing food consumption patterns, and the expanding hotel sector. Furthermore, due to factors including advancing digitization, the demand for environmentally friendly and sustainable equipment is rising.

It is anticipated that there is likely be significant growth potential in the restaurant equipment market soon. Kitchen furniture needs are changing, and the market has quickly changed as a result.

**IX. Statement of Assumptions and Limiting Conditions**

1. All facts and data outlined in this appraisal report are true and accurate to the best of the appraiser's knowledge and belief.
2. The appraiser has inspected the assets unless otherwise stated.
3. Neither **MOTLEYS ASSET DISPOSITION GROUP** nor any of its employees have any financial interest in the property appraised.
4. The fee for this appraisal report is not contingent upon the values reported.
5. In preparation for this appraisal report, no investigation was made as to the actual ownership of the machinery, vehicles, and equipment, or as to any liens or encumbrances, which may prevail against it. The assets have been viewed as being fee-simple. The owner's claim to the property herein appraised has been assumed to be valid.
6. All opinions as to values stated are those of the appraiser and are based upon the facts and data made available to us. The appraiser assumes no liability or responsibility for changes in the marketplace or in technology, which may in some way, alter or change the stated values.
7. No responsibility is assumed for information furnished by others and the appraiser assumes no responsibility for matters of legal nature.
8. This appraisal was made for the purpose stated and is not to be used for any other purpose.
9. Possession of this appraisal report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the express written consent of the appraiser.
10. As contracted, the appraiser shall be paid an Expert Testimony Fee of \$250.00/hour, portal to portal, including time to prepare, to provide expert testimony, the addressing of subpoenas, and any other court, arbitration or legal proceeding appearance.
11. The values stated in this appraisal report reflect only the potential utility of this equipment and no allowance is made for the potential value of a continuing operating business. Profitability, goodwill, or any other financial analysis has not been considered.



12. No analysis, observation, inspection, testing, or study of any kind or character is made and no consideration in any manner has been taken into account concerning the potential or possible presence of hazardous substances or waste of the property appraised, including but not limited to examination or investigation for the presence of asbestos, polychlorinated biphenyls, heavy metals, toxic chemicals, or any other substance which is regulated by law or poses a hazard to human health or the environment.
13. Leasehold improvements have not been taken into consideration unless specifically noted in the appraised report.
14. The appraiser has used his best professional judgment to accurately value the equipment according to the specified definitions, and the value reported in the appraisal documents represents the opinion of the appraiser and his associates of the value as of the effective date of the appraisal, and for a reasonable period thereafter. Such values are subject to significant alteration and will be affected by time, changes in condition, obsolescence, technological advancements, changes in the marketplace or the economy, and many other factors beyond the control of the appraiser. Reliance upon stated values for any purpose, beyond a reasonable period is inadvisable.
15. Extraordinary Assumptions: It is assumed that all information provided to the appraiser is true and factual.
16. Hypothetical Conditions: None

## **X. Certification of Appraisal**

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are the writer's personal, unbiased professional analysis, opinions, and conclusions.
3. There is no present or prospective interest in the assets that are the subject of this report, and there is no personal interest or bias concerning the parties involved.
4. Our compensation is not contingent on action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.
5. The analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
6. The writer and/or his associates have viewed, unless otherwise stated, the assets that are the subject of this report.
7. No one provided significant professional assistance to the person signing this report unless so stated.
8. No pertinent information was withheld or overlooked, and I, the undersigned, further certify that I have not been influenced in any way during the preparation of this appraisal report by any parties having a financial or other interest in this report.
9. The appraisal certifications have a code of professional ethics and a continuing educational program for all its members. I am in compliance and up to date with all the requirements for those programs.

### **MOTLEYS ASSET DISPOSITION GROUP**



William J. Fischer, CAI GPPA  
Senior Advisor, Certified Appraisals

## **IX. Qualifications of Appraiser**

William J. Fischer, CAI GPPA  
Senior Advisor, Certified Appraisals

William Fischer has become in the last thirty years a Mid-Atlantic leading business and industrial asset advisor. His experience includes investment recovery and appraisal services for financial institutions, corporate clients, attorneys, cpa's, and the judicial system, and various governmental agencies. His certified appraisals follow USPAP guidelines and withstand scrutiny, and he has been approved as an expert witness in several courts.

For twenty-one years before forming Reliant Advantage, LLC in 2015, he was sales director and asset appraiser for business and industrial assets at Motleys Asset Disposition Group where he served clients with global results from a Mid-Atlantic headquarters. Clients include federal, state, and local government agencies; Fortune 500 corporations and small businesses; financial and legal advisors; and individuals.

### **GPPA Designation:**

The GPPA program teaches students the responsibilities of being an appraiser and provides advanced training in the Uniform Standards of Professional Appraisal Practice (USPAP) guidelines. The Financial Institutions Reform, Recovery and Enforcement Act of 1989 recognizes USPAP as the generally accepted appraisal standard and requires USPAP compliance for appraisers in federally related transactions. Additionally, State Appraiser Certification and Licensing Boards; federal, state, and local agencies, appraisal services; and appraisal trade associations require compliance with USPAP.

### **Plant Machinery and Equipment Specialty**

A multi-day seminar hosted at the Walt Disney World Central Fabrication Shops. Strategies for inspecting, analyzing, researching, and evaluating were discussed. Equipment on hand included metalworking, plastic injection molding, vacuum casting, woodworking, electronics, and robotics. Conceptual ideas of how preventative maintenance programs, or lack thereof, can impact the reliability and ultimate value of equipment.

### **CAI Designation:**

The Certified Auctioneers Institute is the most respected professional designation an auctioneer can acquire. CAI designees pride themselves on being a part of an extraordinary network of professional auctioneers who possess the knowledge and skills needed to provide their clients with outstanding services. The CAI designation communicates to attorneys, trust officers, government officials, accountants, and others affiliated with the auction industry that you are committed to continuing education and are dedicated to professionalism, integrity, and excellence in the auction profession.

Photo #	Quant.	Year	Description	Condition	LV
1509	1	2020	Hoshizaki KM-1301SAJ Ice Maker with B800PF Ice Bin	Good	\$2,800
1512	1	2020	Globe SP30 Planetary Mixer	Good	\$1,800
1514	1	2020	Alto Shaam 500-2D Warming Drawer, 2-Drawer	Good	\$200
1518	2	2020	Alto Shaam 500-2DN Narrow Warming Drawer, 2-Drawer	Good	\$250
1520	1	2020	Silver King SKFL15-ELUS1 14" Ice Cream Dipping Cabinet	Fair	\$300
1522	1	2020	Alto Shaam 500-S Mobile 6-Pan Holding Cabinet, Seals on door leak	Fair	\$350
1524	3	2020	Pitco SG14S Deep Fryer, Gas	Good	\$1,800
1528	1	2020	Blodgett ZEPH-100-G DBL Stacked Oven	Good	\$1,400
1529	1	2020	Alto-Shaam 1200-SKII Cook & Hold Smoker Oven, Control Panel Cracked and needs replacement	Poor	\$800
1531	1	2020	Turbo Air TCBE-96SDR-N 96" Chef Base Refrigerated Cabinet, 4-Drawer	Good	\$1,200
1534	1	2020	Southbend HDG-24 Griddle, Gas, Manual, Countertop	Good	\$550
1537	1	2020	Southbend HDC-36 Charbroiler, Gas, Countertop	Good	\$900
1539	1	2020	Southbend HDO-36 Hot Plate, 6-burner, Countertop	Good	\$700
1543	1	2020	Turbo air MST-60-24-N Sandwich/Salad Prep Table with Refrigerated Base	Good	\$1,400
1545	1	2020	Turbo air TWF-28SD-N Work-top Freezer	Good	\$400
1548	1	UKN	True T-49F 2-Door Reach-in Freezer	Good	\$1,200
1552	Pair	2019	Southern Pride MLR-850 Dual Smoker, Latches need repair	Fair	\$14,000
1559	3	2020	Turbo air TBB-4SG-N Back Bar Cooler, Door Hinges Need Repair (9)	Fair	\$2,700
1565	1	2020	Globe SG13 Manual Meat Slicer	Good	\$650
1576	Lot	Various	Toast POS System Hardware Including: Monitors, Pay Stations Printers, Handhelds, & Docking Stations	Fair	\$3,200
1589	2	2020	Qualite Food Warmer, Cord needs repair	Fair	\$160
1595	1	2024	Avanco Quickshot Portion Steamer	Good	\$175
1597	Lot	2020	Kitchen Tools & Support Equipment Including: Ladles, Knives, Pots, Pans, Cutting Boards, Baking Sheets, Utensils, (5) Racks/Grates/Pans, (3) Rolling Carts, Ladder, Lockers, S/S Table, Spices/Rack, Microwave Oven, Bins, Robot Coupe R2 Processor, VitaMix Mixer, (2) S/S Tables, (2) Waffle Makers, KitchenAid Mixer, Waring Immersion Blender	Fair	\$3,520
1657	Lot	2020	Front of House: (31) Café Chairs, (55) Dining Chairs, (15) Bar Stools, (5) 24x30 Café Tables, (9) 24x30 Dining Table, (4) 24x36 Dining Tables, (8) 36x36 Dining Tables, (5) 24" Round Café Tables, (4) TVs, Bar Glasses, (2) Child Seats	Fair	\$3,960
1696	Lot	2020	Patio Seating: (64) Chairs, (32) Tables, (7) Fence Sections	Fair	\$4,720

1541	1	2020	Vulcan 36" Salamander Broiler, Gas, Leasehold Improvement, Cannot be removed*	Leasehold Item	\$0
1617	1		Norlake Walkin Cooler, Leasehold Improvement, Cannot be removed*	Leasehold Item	\$0
1632	1		Beer Line System - 18 Lines, Leasehold Improvement, Cannot be removed*	Leasehold Item	\$0
1694	1		Norlake Walkin Freezer, Leasehold Improvement, Cannot be removed*	Leasehold Item	\$0
N/A	1		Exhaust/Hoods (3) Ansul System, Leasehold Improvement, Cannot be removed*	Leasehold Item	\$0
<b>Liquidation Value</b>					<b>\$49,135</b>

\* Per owner, lease terms restrict dismantling to two (2) screws or less

<b>Estimated Liquidation Costs &amp; Components:</b>	<b>\$19,700</b>
<b>Contractor Commission:</b> Including setup/cleaning, listing, removal, and escrow, and settlement services (\$17,200)	
<b>Auction Advertising:</b> Internet listings, Google Adwords campaigns, social media marketing, & signage (\$2,500.00)	
<b>Net Liquidation Value</b>	<b>\$29,435</b>

Motleys Asset Disposition Group



William J, Fischer, CAI GPPA

Industrial Asset Consultant, Certified Appraisals





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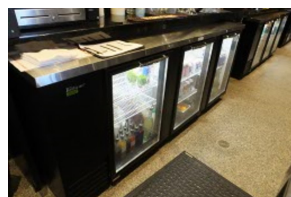
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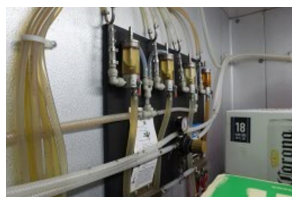
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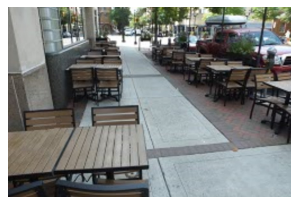
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